

17 May 2024

Contents

Pricewatch | 28 February 2024 | Gas Matters Today
Publication date: 28 February 2024

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



Pricewatch | 28 February 2024 | Gas Matters Today

European natural gas futures extended their rally for a third session on Wednesday despite bearish market fundamentals and amid reports that the partial outage at a major US LNG export plant – Freeport LNG – continues.

A bearish start on Tuesday morning for European gas futures reversed later in the day, leaving traders wondering how long this rally might last. Prices were on the rise again on Wednesday by lunchtime in London.

In Continental Europe, TTF closed 1.6% up on Tuesday, from USD 7.63/MMBtu on Monday to USD 7.75/MMBtu.

In the UK, NBP was up 2.2%, from USD 7.52/MMBtu on Monday to USD 7.69/MMBtu on Tuesday.

The UK's independent climate watchdog, the Climate Change Committee (CCC), reported on Wednesday that the third carbon budget – for the years 2018 to 2022 – was met with room to spare, but that that this was mainly down to the “economy-shrinking effects of the [Covid] pandemic” on greenhouse gas emissions.

The CCC has therefore “unequivocally” advised the government to not carry forward the 15% surplus to the next budget, which would be allowed under the Climate Change Act.

Stark warning

“If the surplus were to be taken forward into the next carbon budget, we would be able to increase UK emissions over the next period and still meet the legal goals,” said the CCC's chief executive Chris Stark. “We're making the point that that is a very silly thing to do.”

Advising ministers, the committee said: “At risk is the ambitious path that must be maintained if the UK is to meet its 2030 emissions reduction commitment, and later carbon budgets that are written in law.”

In Asia, the JKM LNG price lost some of the ground it made up in Monday's rally, reverting to the previous downwards trend with a 1.0% fall, from USD 8.30/MMBtu on Monday to USD 8.22/MMBtu on Tuesday. The TTF-JKM spread narrowed by 30% to USD 0.47/MMBtu.

US natural gas prices for the about-to-expire March front-month contract fell by 2.7%, from USD 1.66/MMBtu on Monday to USD 1.62/MMBtu on Tuesday. The April contract, in contrast, closed up at USD 1.81/MMBtu, from USD 1.74/MMBtu on Monday, on expectations of lower production volumes.

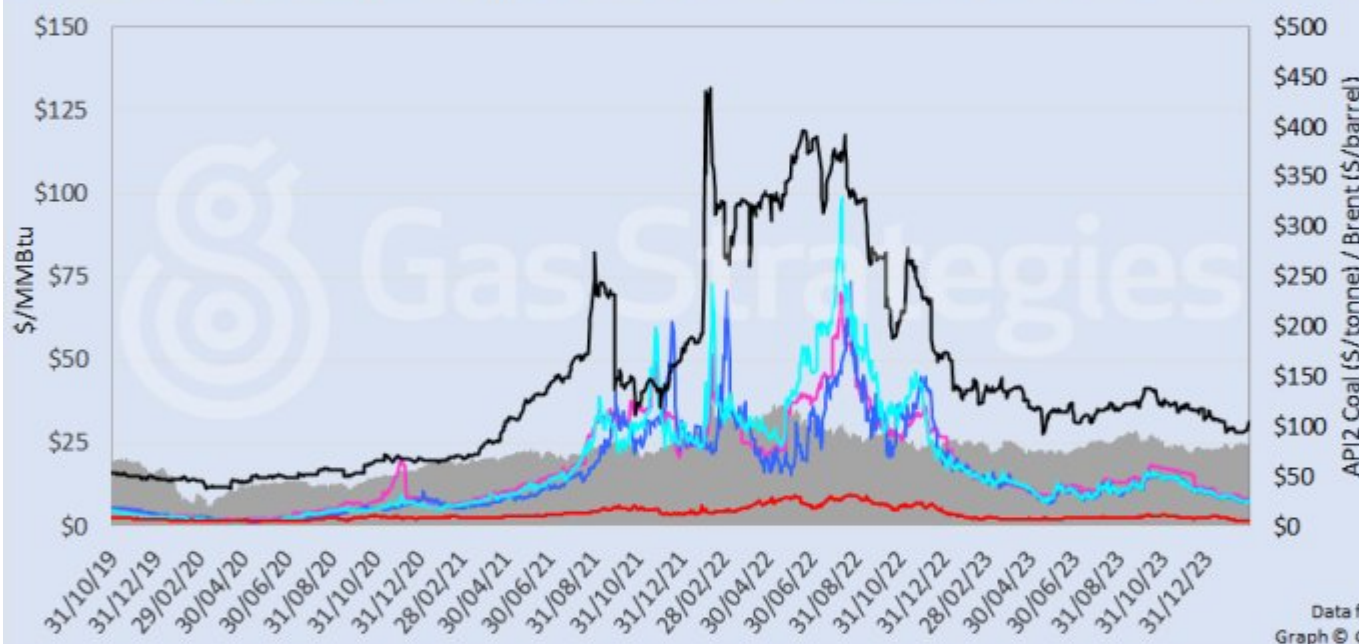
Crude oil prices rose for the second consecutive session, with Brent closing up 1.4%, from USD 82.53/barrel on Monday to USD 83.65/barrel on Tuesday, and WTI up 1.7%, from USD 77.58/barrel to USD 78.87/barrel. Prices were down by lunchtime on Wednesday, by around one percentage point.

European coal and carbon prices moved in line with the rally in gas prices. API2 coal was up 1.3%, from USD 3.96/MMBtu on Monday to USD 4.00/MMBtu on Tuesday, while EU emissions allowances were up 3.4% to EUR 54.01/tonne.

Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	27/02/2024	26/02/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.62	1.66	-0.04	
NBP (\$/MMBtu)	7.69	7.52	0.17	
NBP (£p/th)	60.60	59.30	1.30	
Henry Hub-NBP spread	6.07	5.86	0.21	
TTF (\$/MMBtu)	7.75	7.63	0.12	
TTF (€/MWh)	24.39	24.01	0.38	
Henry Hub-TTF spread	6.14	5.98	0.16	
JKM (\$/MMBtu)	8.22	8.30	-0.08	
TTF-JKM spread	0.47	0.67	-0.20	
Henry Hub-JKM spread	6.61	6.64	-0.04	
Brent (\$/barrel)	83.65	82.53	1.12	
WTI (\$/barrel)	78.87	77.58	1.29	
Brent-WTI spread (\$/barrel)	4.78	4.95	-0.17	
API2 Coal (\$/tonne)	100.10	98.85	1.25	
API2 Coal (\$/MMBtu)	4.00	3.95	0.05	
EU CO ₂ emissions allowances (€/tonne)	54.01	52.21	1.80	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since



EU carbon allowances (EUAs) on the Emissions Trading System (ETS)



[1] [2]

Time references based on London GMT. Brent, WTI, NBP, TTF and EU CO2 data from ICE. Henry Hub, JKM and API2 data from CME. Prices in USD/MMBtu based on exchange rates at last market close. All monetary values rounded to nearest whole cent/penny. Text and graphic copyright © Gas Strategies, all rights.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com